

# ALABAMA DEPARTMENT OF REVENUE

## Instructions For The Preparation of The Alabama Business Privilege Tax, Corporate Shares Tax Return and Annual Report

# 2001

The Alabama Business Privilege and Corporate Shares Tax forms  
may be viewed and downloaded at the Department of Revenue Web site at [www.ador.state.al.us](http://www.ador.state.al.us).

### General Information

Throughout these instructions and the tax return there are several references to the Code of Alabama, Title 40 Chapter 14A (Act 99-665 and Act 2000-705) which is the Business Privilege and Corporate Shares Tax law. You can access these acts through the Alabama Department of Revenue's Web site [www.ador.state.al.us](http://www.ador.state.al.us) under the Business Privilege Tax Section.

There are also references to other chapters of Title 40, other Titles of the Code of Alabama and the Internal Revenue Code (26 U.S.C.). You can access the entire **Code of Alabama 1975** through the Alabama Legislature's web site, [www.legislature.state.al.us](http://www.legislature.state.al.us), under the legislation section. The Internal Revenue Code can be accessed by clicking on the IRS icon located at the bottom of the Alabama Department of Revenue's Web site home page.

Every corporation, limited liability entity (LLE), business trust, disregarded entity and real estate investment trust (REIT) that is doing business in Alabama or is registered/qualified to do business in Alabama is required to file an Alabama Business Privilege Tax and Corporate Shares Tax Return and Annual Report. The return is due as long as the entity legally exists in Alabama, even if the entity is inactive. Contact the Secretary of State's office at (334) 242-5324 or at [www.sos.state.al.us](http://www.sos.state.al.us), or the Judge of Probate's Office in the county in which the business was organized for instructions concerning the requirements for closing an entity. Taxpayers will continue to incur a new tax liability each year unless the taxpayer takes the appropriate steps to legally cease their existence in the State of Alabama.

Organizations described under 26 U.S.C. Section 501(a) are exempt from filing Form PSA.

If additional time is needed to file Form PSA, an extension for no more than six months may be requested by completing an Extension Request for the Alabama Business Privilege Tax Return, Corporate Shares Tax Return, and Annual Report (Form PSE).

The return must be signed, all applicable sections and schedules must be completed and all required attachments must accompany the return in order for the return to be considered complete.

Electronic funds transfers (EFT) are not available for Business Privilege and Corporate Shares tax.

### I. General Instructions

#### Page 1, Form PSA

Fill in the blanks indicating the beginning and ending dates of the tax year. Indicate, by checking the appropriate box, if the period is a calendar year

(CY), fiscal year (FY), or short year (SY).

Print or type the name and address of the entity. Enter the FEIN of the business entity. Do not enter the FEIN of the parent entity.

If the address has changed since the last filing, indicate the change by checking the box.

Indicate the type of business entity by checking the appropriate box.

- TO BE CLASSIFIED AS A FINANCIAL INSTITUTION GROUP MEMBER, AT LEAST ONE MEMBER OF THE GROUP MUST BE SUBJECT TO ALABAMA FINANCIAL INSTITUTION EXCISE TAX.

- TO BE CLASSIFIED AS AN INSURANCE COMPANY THE ENTITY MUST BE SUBJECT TO ALABAMA INSURANCE PREMIUM TAX.

Lines 1 through 9 represent the Annual Report. If any of the information on lines 3, 4, or 5 has changed since the last filing, you must indicate the change by checking the "update" box in order for the Department of Revenue to update your records.

**Attach your check payable to the Alabama Department of Revenue to the front of the return.**

### Definitions:

**Corporation** – An entity, including a limited liability company electing to be taxed as a corporation for federal income tax purposes, through which business can be conducted while offering limited liability to the owners of the entity.... The term "corporation" shall include but not be limited to the following: corporations, professional corporations, joint stock companies, unincorporated professional associations, real estate investment trusts, limited liability companies electing to be taxed as corporations for federal income tax purposes, and all associations classified as corporations for federal income tax purposes. The term "corporation" shall not include any county, municipal corporation, political subdivision of the state, governmental corporation, instrumentality or agency thereof. (Section 40-14A-1(d))

**Limited Liability Entity** – Any entity, other than a corporation, organized under the laws of this or any other jurisdiction through which business may be conducted while offering limited liability to the owners of the entity with respect to some or all of the obligations of the entity and which is taxable under subchapter K of the (Federal) Code, including, without limitation, limited liability companies, registered limited liability partnerships, and limited partnerships. (Section 40-14A-1(k))

**Electing Family Limited Liability Entity** – An electing family limited liability is a limited liability entity that meets the following requirements: (Section 40-14A-1(h))

(1) An individual and the members of the indi-

vidual's family as defined in Section 40-14A-1(h)(4) directly or constructively own 80 percent or more of the profits and capital interests.

(2) Must meet the requirements of either the gross receipts test as defined in Section 40-14A-1(h)(3)(a) or the assets test as defined in Section 40-14A-1(h)(3)(b).

(3) Must attach a statement to the return making the annual election and declaring all of the requirements have been met.

**Disregarded Entity** – A limited liability company that is disregarded for purposes of federal income tax, or a qualified subchapter S subsidiary as defined in 26 U.S.C. Section 1361. (Section 40-14A-1(g))

**Insurance Company** – An insurance company that is subject to the premium taxes levied by Chapter 4A of Title 27, **Code of Alabama 1975**.

**Financial Institution Group** – All taxpayers in an affiliated group where at least one member of the group is a financial institution that is subject to the provisions of Title 40, Chapter 16 (relating to financial institution excise tax). In the event a financial institution taxpayer is not a member of an affiliated group, that financial institution shall be treated as a financial institution group. (Section 40-14A-22(f)(1)(c))

Note: Financial institution group members are required to complete Schedule G of Form PSA, which can be obtained through the Department's Web site at [www.ador.state.al.us](http://www.ador.state.al.us).

**Related Party** – A related party is any member of a controlled group of corporations as defined in 26 U.S.C. Section 1563, or a limited liability entity that would be a member of a controlled group if rules similar to those of 26 U.S.C. Section 1563 were applied to limited liability entities. (Section 40-14A-1(L))

### II. Special Filing Rules For Year 2001

Effective January 1, 2001, the taxable year for the Business Privilege Tax will be the year used by the taxpayer to file income tax, financial institution excise tax or insurance premium tax returns. However, the shares tax will remain on a calendar year basis, and will not be pro-rated.

**CALENDAR YEAR END** – Taxpayers filing on a calendar year end basis will file a tax return for the period of 1/01/2001 through 12/31/2001 on or before 3/15/2001 for corporations or 4/15/2001 for LLE's. The tax will be calculated using the 12/31/2000 year end financial records, and is not prorated.

**FISCAL YEAR END** – Taxpayers filing on a fiscal year end basis will be subject to multiple filing requirements and proration of the privilege tax during the year 2001.

Taxpayers who have a tax year other than a calendar year must file a return on or before March 15, 2001 for corporations or April 15, 2001 for LLE's for the period January 1, 2001 through the last day of their fiscal year. The tax shall be apportioned in the same proportion that the number of days in the short taxable year bears to 365, but in no event less than \$100.00. An additional tax return must then be filed not later than two and one-half months, if a corporation, and three and one-half months, if a limited liability entity, after the beginning of the fiscal year.

**EXAMPLE:** A corporation's tax year for income tax purposes is 10/01/2000 through 9/30/2001. On 3/15/2001 the corporation must file a tax return for the period 1/01/2001 through 9/30/2001 (274 days). The tax is determined using the preceding year-end financial records which, for this example, is the period ending 9/30/2000. Assuming the corporation determines a tax liability of \$1000.00, the amount apportioned to the short tax year is \$750.00. This was determined by multiplying the tax liability by 75%, which is the proportion of the number of days in the period (274) to 365 (274 divided by 365). The corporation's next taxable year is 10/01/2001 through 9/30/2002. The tax return or extension request is due no later than 12/15/2001. The tax is determined using the financial records for the year ending 9/30/2001, and is not prorated. This fiscal year return will not include shares tax.

**SHORT TAX YEAR** – A short tax year is any tax year that is less than twelve months.

### III. Required Attachments – Generally

- Pages 1 through 4 of the unconsolidated federal tax return
- Copy of Alabama income tax apportionment schedule (for multi-state taxpayers)
- Documentation to validate all exclusions and deductions

### IV. Initial Returns

An initial return is the first return due after the taxpayer incorporates, registers, organizes, qualifies, or begins doing business in Alabama, whichever occurs first. The return is due 30 days after such occurrence. Initial Returns MAY NOT BE EXTENDED. For Corporations only, Schedule F is also required to be completed on all initial returns.

### V. Penalties and Interest

**Failure to timely file return** – If a return is filed after the due date, there will be assessed a late filing penalty of 10% of the tax due or \$50, whichever is greater. This penalty applies separately to both the privilege tax and the corporate shares tax.

**Failure to timely pay tax** – If payment is not received by the due date, there will be assessed a late payment penalty of 1% per month, of the amount of the tax due, not to exceed 25% of the tax. This penalty applies separately to both the Business Privilege and the Corporate Shares Taxes. Taxpayers paying 90% of the actual tax liability with a valid extension request will not be subject to this penalty.

**Interest** – Interest is due on all payments made after the original due date.

The interest rate is the same as provided in Section 40-1-44(a).

If assistance is needed in computing the penalty and/or interest amounts call (334) 353-7923. The examiner that will assist you will need to know the tax liability and the date the return will be mailed.

### VI. Prior Year Credits

Prior year Franchise Tax credits will not be allowed against the liabilities of the Alabama Business Privilege or Corporate Shares Taxes. Franchise tax overpayments will be refunded.

### VII. Instructions For Schedule A, Form PSA

#### Line 1

Enter the issued capital stock and additional paid in capital. This amount cannot be reduced by treasury stock. (Section 40-14A-23(a)(1))

#### Line 2

Enter the amount of appropriated and unappropriated retained earnings, but not less than zero. This amount shall include the balance of any dividend payables on the taxpayer's year-end balance sheet. (Section 40-14A-23(a)(1)(b))

LLE's taxed as corporations and non-stock issuing entities enter assets minus liabilities. (Section 40-14A-23(a)(2))

#### Line 3

Subtract the sum of Schedule A, Lines 1 and 2 from the sum of Schedule C, Lines 11b and 11c and enter the total. Do not enter an amount less than zero. Related party debt to shareholders as individuals should not be included. (Section 40-14A-23(e)(2)(a))

#### Line 4

Add to net worth the sum of compensation or similar amounts paid or accrued to a direct or indirect shareholder owning more than 5% of the corporation the amount exceeding \$500,000 per shareholder. (Section 40-14A-23(f)(1) (a), (b), and (c))

#### Line 5

Add to net worth the sum of compensation, distributions, or similar amounts paid or accrued to a direct or indirect shareholder owning more than 5% of the corporation the amount exceeding \$500,000 per shareholder. (Section 40-14A-23(f)(2) (a), (b), and (c))

#### Line 6

Enter total net worth (add Lines 1 through 5). Go to Schedule B, Line 1. If Line 6 is less than \$57,000, go to Schedule B, Line 26 and pay \$100 privilege tax.

#### Line 7

Enter the sum of the Partner's capital accounts from Form 1065 (U.S. Partnership Return of Income). This number may not be less than zero. (Section 40-14A-23(b))

#### Line 8

Add to net worth the sum of compensation, distributions, or similar amounts paid or accrued to a direct or indirect partner or member the amount exceeding \$500,000 per partner or member. (Section 40-14A-23(f)(3)(a), (b), and (c))

#### Line 9

Subtract the figure in Line 7 from the sum of Schedule C, Lines 11b and 11c. This addition cannot be less than zero. Related party debt to shareholders as individuals should not be included. (Section 40-14A-23(e)(2)(a))

#### Line 10

Enter total net worth (add Lines 7 through 9). Go to Schedule B, Line 1. If Line 10 is less than \$57,000, go to Schedule B, Line 26 and pay \$100 privilege tax.

#### Line 11

For business trusts classified as a corporation for federal income tax purposes, enter the assets minus the liabilities. Skip to Schedule B, Line 1. (Section 40-14A-23(d))

#### Line 12

If the owner of a disregarded entity is subject to the privilege tax, then the disregarded entity pays the minimum tax. Go to Schedule B, Line 26 and pay \$100 privilege tax. Please provide the name and FEIN of the single member. (Section 40-14A-23(c))

#### Line 13

For disregarded entities that have an owner that is not subject to the privilege tax (such as an individual or nontaxable partnership) enter the assets minus liabilities of the disregarded entity. (Section 40-14A-23(c))

#### Line 14

Subtract the figure in Line 13 from the sum of Schedule C, Lines 11b and 11c. This addition cannot be less than zero. Related party debt to shareholders as individuals should not be included. (Section 40-14A-23(e)(2)(a))

#### Line 15

Add to net worth the sum of compensation, distributions, or similar amounts paid or accrued to a direct or indirect owner the amount exceeding \$500,000 per owner. (Section 40-14A-23(f)(3) (a), (b), and (c))

### VIII. Instructions For Schedule B, Form PSA

**EXCLUSIONS** (For each exclusion attach supporting documentation.)

#### Line 1

Enter net worth as computed in Schedule A, Line 6, 10, 11, or 16 depending on the type of entity.

If the amount of net worth is less than \$57,000, go to Line 26 and pay \$100 privilege tax.

#### Line 2

Enter the book value of investments by the taxpayer in the equity of other taxpayers doing business in Alabama, unless the taxpayer is a dealer in securities. This figure should be itemized in Schedule D as supporting documentation. (Section 40-14A-23(g)(1))

#### Line 3

Financial institutions only may exclude from net worth determined in Schedule A their investment in the equity of any other corporation or LLE that: (1) does not pay business privilege tax to Alabama, and (2) taxpayer owns more than 50% of the other corporation or LLE, unless the other corporation or LLE is dormant and not regularly engaged in one or more business activity. This figure should be itemized in Schedule D as supporting documentation. (Section 40-14A-23(g)(2))

#### Line 4

Enter from taxpayer's balance sheet, the unamortized portion of goodwill and core deposit intangibles (for financial institutions only), which

resulted from a direct purchase of an LLE or corporation. Include supporting documentation that includes (1) Name of entity acquired, (2) Date of acquisition, (3) Means of financing (debt or equity) and (4) Location and amount of goodwill on balance sheet. (Section 40-14A-23(g)(3))

#### Line 5

Exclude any unamortized balance that the taxpayer properly elected, pursuant to Pronouncement 106 of the Financial Accounting Standards Board (FASB), relating to post-retirement benefits, to amortize over a period of years rather than immediately charging that amount to earnings. Include a description of benefits, amortization schedule, and the location of the amount on the balance sheet. (Section 40-14A-23(g)(4))

#### Line 6

For financial institutions only, enter the net worth as adjusted exceeding 6% of the taxpayers total assets. Net worth as adjusted is calculated by subtracting from Schedule A, Line 6 the sum of (Lines 2-5) from Schedule B. (Section 40-14A-23(g)(5))

#### Line 9

The apportionment factor is used for multi-state entities. For taxpayers that conduct all of their business in Alabama, use 100% as the apportionment factor. No supporting documentation is necessary for those entities. All other entities attach appropriate apportionment schedule.

The apportionment factor is computed in the same manner as prescribed for apportioning income during the determination period for income tax purposes in accordance with Chapter 18 of Title 40, or in the case of financial institutions according to Chapter 16 of Title 40. Apportionment for Insurance Companies is on the basis of the ratio of the insurer's Alabama premium income to its nationwide total direct premiums as filed on Schedule T with the Insurance Commissioner, State of Alabama. Taxpayers not required to file income tax returns with the State of Alabama must apportion net worth in the manner in which the income would be apportioned if the taxpayer were subject to income tax. Therefore, these taxpayers must obtain an apportionment Schedule from the Alabama income tax return at the Department's Web site at [www.ador.state.al.us](http://www.ador.state.al.us). C Corporations should use Form 20C, Schedule D1, S Corporations should use Form 20S, Schedule C, and Partnerships should use Form 65, Schedule C. (Section 40-14A-24(a))

#### DEDUCTIONS (For each deduction attach supporting documentation)

Nothing in this section shall be construed to allow any item to be deducted more than once or to allow a deduction for any item that is excluded from net worth. (Section 40-14A-24(c))

Items can only be deducted to the extent they were included in net worth in Schedule A.

#### Line 11

Enter net amount invested in bonds or other securities issued by State of Alabama or any political subdivision of the state prior to January 1, 2000. Include a schedule detailing the amount invested, the issuing agency, the bond issue date, and the location of the investments on the taxpayer's balance sheet as supporting documentation.

This deduction does not apply if the taxpayer is

a dealer in securities subject to rules of 26 U.S.C. 1236. (Section 40-14A-24(b)(1))

#### Line 12

Deduct the net investment for equipment used to control, reduce or eliminate air, ground, or water pollution in Alabama where such pollution or radiology hazards result or would be caused by the taxpayer's activities in Alabama. (Section 40-14A-24(b)(2))

#### Line 13

Deduct the net investment in equipment of an airline hub operation within this state. (Section 40-14A-24(b)(3))

#### Line 14

Enter book value invested after December 1, 1997 in regard to new and existing manufacturing facilities and investments made in equipment, real & tangible property, facilities, structures, components and inventory which correlates to number of new employees. (Section 40-14A-24(b)(4))

#### Line 15

Enter book value of investment relating to aluminum manufacturing facility. (Section 40-14A-24(b)(5))

#### Line 16

Enter the balance of any reserve, account, or trust reasonably determined to satisfy any liability that is imposed by federal, state, or local government laws or regulations for reclamation, storage, disposal, decontamination, retirement, or other related costs associated with a plant, facility, mine or site in Alabama.

Provide documentation detailing the applicable governmental law or regulations that imposed the liability, as well as the location of the plant, facility, mine or site in Alabama. (Section 40-14A-24(b)(6))

#### Line 17

Enter book value of any residential real estate project in Alabama that qualifies for federal or state income tax credits, loans, or grants on the grounds that it provides housing for low-income individuals. Provide a statement detailing a description of the project, the site of the low income housing, and the location of the amount on the taxpayer's balance sheet. (Section 40-14A-24(b)(7))

#### Line 18

Enter 30% of Alabama S Corporation's taxable income. Taxable income is defined as "federal taxable income before NOL's and special deductions" apportioned to Alabama. Taxable income is to include income passed through to the shareholders. (Section 40-14A-24(b)(8))

#### Line 20

Taxable net worth is derived by subtracting Line 19 from Line 10.

#### Line 21

Determine the tax rate from the Tax Rate Schedule, page 3. Use the federal taxable income before net operating loss deduction and special deductions multiplied by the apportionment factor from Schedule B, Line 9. Taxable income is to include income passed through to shareholders, partners, or members.

#### Line 22

Gross Privilege tax is calculated by multiplying Line 20 by Line 21.

#### Line 23

The proration percentage is computed by divid-

ing the Julian date (or the # of days from 1/1/01 through the last day of the fiscal year) of the last day of the taxpayers taxable year in 2001 by 365. For your convenience, a table has been provided below for the fiscal years ending the last day of each month.

Year End	Calculation	Proration Percentage
January 31	31/365	9%
February 28	59/365	17%
March 31	91/365	25%
April 30	121/365	34%
May 31	152/365	42%
June 30	182/365	50%
July 31	213/365	59%
August 31	244/365	67%
September 30	274/365	75%
October 31	305/365	84%
November 30	335/365	92%
December 31	365/365	100%

#### Line 24

Net Privilege Tax Due is calculated by multiplying Line 22 by line 23

#### Line 25

Enter Alabama Enterprise Zone Credit. Attach supporting documentation from the Alabama Department of Economic & Community Affairs (ADECA). (Section 40-14A-42)

#### Line 26

Privilege Tax Due is calculated by subtracting Line 25 from Line 24. The minimum due is \$100. For the maximum amounts due, see Chart 2 of the Tax Rate Schedule on Page 2, Form PSA.

## IX. Instructions For Schedule C, Form PSA

For a definition of a related party, see the "Definitions" section of these instructions.

Additional information concerning the related party debt add-back:

- Individual shareholders are NOT considered related parties.
- All related party debt should be included in Schedule C, including the related parties' FEIN and complete name.

(If additional space is needed, attach a list of the remaining entities.)

• The "If doing business in Alabama" and "If not doing business in Alabama" columns refer to the related party to which the taxpayer is indebted.

• Lines 11a, 11b, and 11c should contain the appropriate total for all related party debt.

• Related party debt cannot be negative.

• Related party debt and related party receivables are not netted under any circumstances.

• Exempt payables are defined as stated in Section 40-14A-23(e)(2) b. They include trade debt, accounts payable, or deposit liabilities to related parties that are doing business in Alabama.

• Non-Exempt Payables are all other related party debts.

## X. Instructions For Schedule D, Form PSA

List investments in entities actively engaged in doing business in Alabama. Merely being registered or qualified to do business in Alabama does not constitute doing business in Alabama. Include

the amount of each investment, the FEIN of each entity, and the name of each entity.

This exclusion does not apply if the taxpayer is a dealer in securities subject to 26 U.S.C. Section 1236. (Section 40-14A-23(g)(1))

#### **For Financial Institutions Only**

Financial institutions can exclude investments in other corporations or limited liability entities that are not doing business in Alabama, if the taxpayer owns more than 50% of the outstanding capital stock of the other corporation or more than 50% of the capital and profits interest of the limited liability entity, unless the other corporation or limited liability entity is dormant and not regularly engaged in one or more business activities. Include the FEIN of each entity, the name of each entity, the amount of investment in each entity, and the percent of ownership of each entity. This exclusion does not apply if the taxpayer is a dealer in securities subject to 26 U.S.C. Section 1236. (Section 40-14A-23(g)(2))

### **XI. Instructions For Schedule E, Form PSA**

#### **Line 1**

Enter the net worth from Schedule A, Line 6, 10, 11, 12, or 16.

#### **Line 4**

The apportionment factor for the initial return is calculated by dividing the amount of tangible property in Alabama by the total tangible property on the day the tax liability is incurred. For entities that conduct all of their business in Alabama, enter 100%.

#### **Line 10**

Create a ratio by dividing the number of days remaining in the calendar year by 365.

Example: A corporation incorporates on June 15, 2000 which is the 167th day of the year.

Ratio =  $198/365 = 54.2465\%$

#### **Line 11**

The minimum tax is \$100 and the maximums are listed in the Tax Rate Schedule on page 3 of Form PSA.

### **XII. Instructions For Schedule F, Form PSA**

Shares Tax Applies To Corporations Only. Financial Institutions, Insurance Companies, Regulated Utilities and Real Estate Investment Trusts are exempt from paying shares tax.

#### **Line 1**

Enter the issued capital stock and additional paid in capital. This amount cannot be reduced by treasury stock. Section 40-14A-33(a)(1).

#### **Line 2**

Enter the amount of appropriated and unappropriated retained earnings, but not less than zero. This amount shall include the balance of any dividend payables on the taxpayers year-end balance sheet. (Section 40-14A-33(a)(2))

LLE's taxed as corporations and non-stock issuing entities enter assets minus liabilities.

#### **Line 4**

Enter the book value of goods, wares and merchandise (inventory) held for sale. This exclusion is for inventory "everywhere", not just inventory in Alabama. The supporting documentation for this exclusion is included in the balance sheet that is a required attachment. (Section 40-14A-33(b)(1))

#### **Line 5**

Enter the book value of investments by the taxpayer in the equity of other corporations doing business in Alabama, unless the taxpayer is a dealer in securities. This figure should be itemized in Schedule D as supporting documentation. Section (Section 40-14A-33(b)(2))

#### **Line 6**

Per Section 40-14A-33(b)(3)(c), a taxpayer shall be deemed to hold federal obligations for a tax avoidance purpose if (1) more than 50% by value of the taxpayer's federal obligations are purchased within a period beginning forty five days before the end of the determination period and (2) are sold within a period ending forty five days after the end of the determination period.

#### Calculation of exclusion for federal obligations NOT held for tax avoidance purposes:

Divide total net worth from Schedule F, Line 3 by the sum of total net worth from Schedule F, Line 3 Schedule F plus long term debt. Multiply year end federal obligations by this percentage to determine the amount to be excluded.

#### Calculation of exclusion for federal obligations held for tax avoidance purposes:

Divide average federal obligations owned by average total assets. Multiply the amount of the calculation obtained in paragraph (A) above by this percentage to determine the amount to be excluded. (Both average federal obligations and average total assets are to be determined on a monthly basis.)

#### **Line 7**

Exclude any unamortized balance that the taxpayer properly elected, pursuant to Pronouncement 106 of the Financial Accounting Standards Board (FASB), relating to post-retirement benefits, to amortize over a period of years rather than immediately charging that amount to earnings. Include a description of benefits, amortization schedule, and the location of the amount on the balance sheet. (Section 40-14A-33(b)(4))

#### **Line 8**

The net amount of Industrial Development Board assets not to exceed \$200,000 may be deducted if they are included in the taxpayer's balance sheet and were acquired prior to May 21, 1992. The corporation shall provide a detailed list of the assets and liabilities. (Section 40-14A-33(b)(5))

#### **Line 11**

See instructions for privilege tax apportionment factor, Schedule A, Line 9.

#### DEDUCTIONS (For each deduction attach supporting documentation.)

Nothing in this subsection shall be construed to allow any item to be deducted more than once or to allow a deduction for any item that is excluded from net worth. (Section 40-14A-34(c))

Items can only be deducted if they were included in net worth in Line 3 and only to the extent they were included in Line 3.

#### **Line 13**

Deduct net investment for equipment used to control, reduce or eliminate air, ground, or water pollution where such pollution or radiology hazards result or would be caused by taxpayer's activities in Alabama. (Section 40-14A-34(b)(1))

#### **Line 14**

Enter taxpayer's net amount invested in bonds or other securities issued by state of Alabama or any political subdivision of the state prior to January 1, 2000. This does not apply if the taxpayer is a dealer in securities subject to rules of 26 U.S.C. 1236. (Section 40-14A-34(b)(2))

#### **Line 15**

Provide documentation detailing the applicable governmental law or regulations that imposed the liability, as well as the location of the plant, facility, mine or site in Alabama. (Section 40-14A-34(b)(3))

#### **Line 16**

Enter book value of amount invested after December 1, 1997, in regard to new and existing manufacturer and investments made in equipment, real & tangible property, facilities, structures, components and inventory which correlates to number of new employees. (Section 40-14A-34(b)(4))

#### **Line 17**

Enter book value of investment relating to aluminum manufacturing facility. (Section 40-14A-34(b)(5))

#### **Line 18**

Deduct the market value of the real property on which the taxpayer is subject to the tax levied by Chapter 8 of Title 40 (Ad Valorem Tax) as last determined by the county assessing official or the book value of the real property. The property must be located in Alabama on January 1 and be on the taxpayer's balance sheet to qualify for this deduction.

Attach a statement detailing (1) location by county of the taxable property, (2) book value of the property and (3) market value of the property. (Section 40-14A-34(b)(6))

#### **Line 19**

Deduct the book value of personal property, including motor vehicles, subject to the tax levied by Chapter 8 of Title 40. The property must be located in Alabama on January 1 and be on the taxpayer's balance sheet to qualify for this deduction. Attach a statement detailing (1) location by county of the taxable property and (2) book value of the property. (Section 40-14A-34(b)(7))

#### **Line 20**

Enter 30% of Alabama S Corporation's taxable income. Taxable income is defined as "federal taxable income before NOL's and special deductions" apportioned to Alabama. Taxable income is to include income passed through to the shareholders. (Section 40-14A-34(b)(8))

#### **Line 25**

For initial filers only (Line 23 minus Line 24 multiplied by the percentage shown on Schedule E, Line 10).

All other taxpayers compute Line 23 minus Line 24.